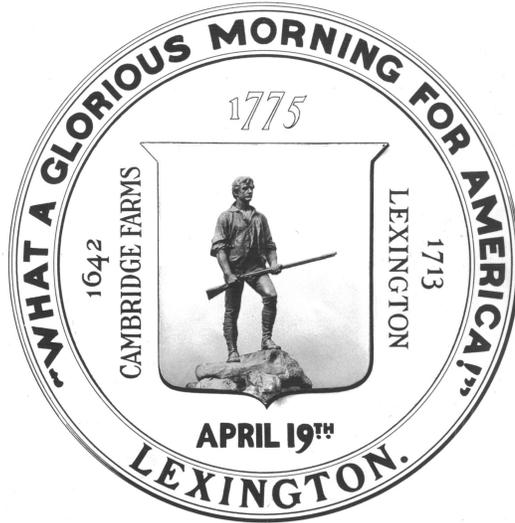


CAPITAL EXPENDITURES COMMITTEE

TOWN OF LEXINGTON



REPORT TO THE SPECIAL TOWN MEETING (STM) 2020-3 OCTOBER 14, 2020

Released October 7, 2020

Submitted by:

Charles Lamb, Chair
David G. Kanter, Vice-Chair & Clerk
Sandy Beebee
Rodney Cole
Wendy Manz
Frank Smith

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STM 2020-3 Warrant-Article Explanations and Recommendations

Cites of the “Town Warrant” refer to the September 14, 2020, “Town of Lexington Warrant for the Special Town Meeting 2020-3”, October 14, 2020.

Article 3: Establish, Dissolve and Appropriate To and From Specified Stabilization Funds (SFs) <i>(Only those actions related to Capital)</i>	Funds Requested	Funding Source	Committee Recommends
	(h) Capital SF (CSF)		
	Withdrawal \$1,100,000	CSF	Approval (6–0)

“To see if the Town will vote to create, amend, dissolve, rename and/or appropriate sums of money to and from Stabilization Funds in accordance with Massachusetts General Laws, Section 5B of Chapter 40 for the purposes of: (a) Section 135 Zoning By-Law; (b) Traffic Mitigation; (c) Transportation Demand Management/Public Transportation; (d) Special Education; (e) Center Improvement District; (f) Debt Service; (g) Transportation Management Overlay District; (h) Capital; (i) Payment in Lieu of Parking; (j) Visitor Center Capital Stabilization Fund; (k) Affordable Housing Capital Stabilization Fund; (l) Water System Capital Stabilization Fund; and (m) Ambulance Stabilization Fund; determine whether such sums shall be provided by the tax levy, by transfer from available funds, from fees, charges or gifts or by any combination of these methods; or act in any other manner in relation thereto.

“DESCRIPTION: This is an annual article to establish, dissolve, and/or fund Stabilization Funds for specific purposes and to appropriate funds therefrom. Money in those funds may be invested and the interest may then become a part of the particular fund. These funds may later be appropriated for the specific designated purpose by a two-thirds vote of an Annual or Special Town Meeting, for any lawful purpose.”

(Town Warrant)

All Stabilization Funds (SFs) deposits (additions) are approved by a simple majority vote of Town Meeting.

Background Regarding CSF:

Available cash would be added to this SF with the intent that there would be continuing withdrawals—not necessarily at each Town Meeting—to mitigate the tax burden of major capital projects.

The withdrawals are expected to be amounts cited toward debt service; to be an additional source, to the extent funds remain in the CSF, toward each year’s projected debt service for projects excluded from the Proposition 2½ property-tax-levy limit, as approved by the voters; and, to a much lesser degree, for debt not excluded from that limit (i.e., funded within the tax-levy limit).

The FY2020 year-end balance for this SF was \$25,229,254—which includes \$432,085 in interest earned during that fiscal year.

FY2021 CSF Situation:

Revenue reductions in the FY2021 budget because of the effects of the COVID-19 pandemic made it prudent for available funding that could have been a deposit to this SF instead to be reserved for use in FY2022.

CAPITAL EXPENDITURES COMMITTEE REPORT TO STM 2020-3

However there is still a need to withdraw funds from the CSF, as assumed over several years, to mitigate debt service by the General Fund for previously funded projects. As explained above, such mitigation is primarily for exempt debt—and this withdrawal is solely for exempt debt. This additional funding in FY2021 is to address what will be an additional, not–originally–budgeted, principle payment in June FY2021 as \$15,900,000 in debt (net of premiums paid by the purchaser), were issued in June 2020 rather than in February 2021 as is usually done and then the first payment on that debt would have been in FY2022. The earlier bonding was to lock-in an interest rate of 1.39% when the normal budgeting presumes 4.0%.

Article 4: Rescind Prior Borrowing Authorizations	Amount for Rescission	Original Authorization	Committee Recommends
	\$79,334.00	See Below	Approval (6–0)

“To see if the Town will vote to rescind the unused borrowing authority voted under previous Town Meeting articles; or act in any other manner in relation thereto.

“DESCRIPTION: State law requires that Town Meeting vote to rescind authorized and unissued debt that is no longer required for its intended purpose.”

(Town Warrant)

At the time of this report, the following rescissions have been requested because those projects are completed without needing the remaining borrowing authority:

Unused Borrowing Authorizations to be Rescinded				
Purpose	Original Appropriation	Total Appropriation	Rescind	
			Amount	Percentage
Bridge & Bowman Schools Reconstruction	2011 STM, Article 2	\$21,670,000.00	\$5,887.00	0.03%
Concord Avenue Sidewalk Construction and Easements	2013 ATM, Article 10(s)	\$3,000,000.00	\$59,073.00	1.97%
Supplemental Appropriation for School Facilities Capital Projects	2016 STM 5, Article 4	\$910,000.00	\$14,374.00	1.58%
Totals		\$25,580,000.00	\$79,334.00	0.31%

Note: No-longer-needed cash balances from *issued debt* are not a subject for rescission. Those are normally proposed to Town Meeting for re-appropriation to later Capital Articles of a similar purpose.

Article 7: Land Acquisition

“To see if the Town will vote to authorize the Select Board to purchase, take by eminent domain, or otherwise acquire for Open Space, Community Housing and Preservation of Historic Resources a particular parcel or parcels of land; and to appropriate a sum of money therefor and determine whether the money shall be provided from the tax levy, by transfer from available funds, including the Community Preservation Fund, or by borrowing, or by applying and receiving funding from available grant sources to reimburse the Town for a portion of the purchase price of the property; to enter into any contracts and agreements related to the application or the award of funds; or any combination of these methods; or act in any other manner in relation thereto.

CAPITAL EXPENDITURES COMMITTEE REPORT TO STM 2020-3

“DESCRIPTION: This article requests funds to purchase land.”

(Town Warrant)

At the time of this report, negotiations with the land owner were continuing so this Committee has taken no position.